

Message Text

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ACTION AID-59

INFO OCT-01 EA-11 ADP-00 EB-11 COME-00 TRSE-00 OMB-01

AGR-20 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 RSR-01 /170 W
----- 045680

R 270320 Z APR 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 1049

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

CINCPAC CP SMITH HI

COMUSSAG NKP THAI

C O N F I D E N T I A L SECTION 1 OF 2 PHNOM PENH 3983

FOR STATE/ AID/ DEFENSE

E. O. 11652 GDS

TAGS: EGEN, CB

SUBJ: RICE UPDATE MARCH 15- APRIL 20

1. SUMMARY. ROUTE 5 CONTINUES TO BE CLOSED AND BATTAMBANG DELIVERIES HAVE BEEN VERY LIMITED. SOME RICE WAS RECEIVED VIA THE MEKONG, HOWEVER, AND ROUTE 4 IS OPEN TO CONVOY TRAFFIC. TWO VESSELS WITH 17,685 METRIC TONS OF PL 480 RICE HAVE ARRIVED IN KOMPONG SOM AND A THIRD IS SCHEDULED TO ARRIVE SHORTLY. THE THAI RICE PURCHASE CONTINUES TO BE UNPRODUCTIVE AND THE OUTLOOK FOR FURTHER PRUCHASES UNCERTAIN. RICE DISTRIBUTION IN PHNOM PENH CONTINUES HEAVY THROUGHOUT THE PERIOD, HOWEVER, THE GKR NOW SAYS IT IS TAKING STEPS TO LIMIT DISTRICTUION TO 4586/ TONS PER DAY.

2. ROUTE 5/ BATTAMBANG. DURING THE PERIOD FROM MARCH 15 TO THE PRESENT, ROUTE 5 HAS BEEN OPEN ONLY BRIEFLY. THE FIRST INTERDICTION WAS RELATIVELY SHORT - FROM MARCH 20 TO MARCH 23, HOWEVER, ON APRIL 2 THE ROUTE WAS AGAIN CLOSED AND HAS REMAINED SO THROUGH TO THE DATE OF THE REPORT. ALTHOUGH FANK IS
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ATTEMPTING TO CLEAR THE 15 KM OF THE ROAD IN KI HANDS, IT IS NOT ALL CLEAR AT PRESENT WHEN ROUTE 5 MAY BE REOPENED. AS A RESULT OF ROUTE 5'S INTERDICTION, ONLY 2,149 METRIC TONS OF RICE WERE RECEIVED BY CONVOY FROM BATTAMBANG FROM MARCH 15 TO APRIL 20 AND NONE HAS ARRIVED SINCE THEN. SINCE THE BEGINNING OF 1973, DELIVERIES OF BATTAMBANG RICE HAVE BEEN AS FOLLOWS:

JANUARY 1 - 31	12,866 M/ T
FEBRUARY 1 - 28	4,149 "
MARCH 1 - 31	3,570 "
APRIL 1 - 20	532 "

20,939 M/ T

THIS TOTAL INCLUDES RICE NO. 1 AND NO. 2, AS WELL AS OUR ESTIMATES OF BROKENS 1 AND 2. OF THE ABOVE TOTAL, WE ESTIMATE ONLY A LITTLE MORE THAN 5,000 METRIC TONS HAVE BEEN RECEIVED FROM THE NEW 1972/73 CROP.

3. ROUTE 4/ KOMPONG SOM. ROUTE 4 IS PRESENTLY OPEN TO CONVOY TRAFFIC. DURING THE PERIOD FROM MARCH 15 THROUGH APRIL 20,

ROUTE 4 WAS CLOSED ONCE FROM MARCH 30 TO APRIL 9. NO TRUCK CONVOYS OF RICE WERE RECEIVED DURING THE REPORTING PERIOD AS STOCKS IN KOMPONG SOM WERE LOW AND MOST OF THE REMAINING RICE HAD BEEN PLACED ON BARGES FOR TRANSPORT UP THE MEKONG.

4. MEKONG CONVOY. AFTER REPEATED DELAYS TWO BARGES WITH APPROXIMATELY 3,000 METRIC TONS OF PL 480 RICE FROM KOMPONG SOM ARRIVED IN PHNOM PENH WITH THE APRIL 15 MEKONG CONVOY. ONE OTHER SHIPMENT OF 18 METRIC TONS WAS RECEIVED ON MARCH 20.

5. AIRDROPS. SINCE THE LATTER PART OF MARCH WHEN THE AIR-DROP FACILITY AT U- TAPAO BECAME OPERATIVE, 2,000 METRIC TONS OF THAI RICE (THE TOTAL PURCHASE) HAVE BEEN RECEIVED. AS OF APRIL 20, A TOTAL OF 569 TONS HAD BEEN DROPPED TO SVAY RIENG, KOMPONG THOM, AND PREY VENG. DROPS OF APPROXIMATELY 600 METRIC TONS MORE ARE NOW IN PROCESS WHICH, WHEN COMPLETED, WILL LEAVE APPROXIMATELY 897 METRIC TONS IN STOCK.

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6. THAI RICE PURCHASE. THIS PART COVERED BY SEPTTEL.

7. PL 480 RICE. ON APRIL 19 AND 20, TWO VESSELS, THE STEEL DESIGNER AND THE VESILIOS, ARRIVED IN KOMPONG SOM WITH 17,685 METRIC TONS OF PL 480 RICE (PA 78-711). A THIRD VESSEL, THE SIMOA, WITH 8,564 METRIC TONS WAS EXPECTED ON THE 24 TH OF APRIL. THIS COMPLETES RICE SHIPMENTS UNDER PA 77-711. THE REMAINING RICE UNDER PL 480 (PA 78-713), ABOUT 16,000

METRIC TONS, IS SCHEDULED TO ARRIVE IN KOMPONG SOM FROM LATE
MAY TO MID- JULY.

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NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 RSR-01 /170 W
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R 270320 Z APR 73
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TO SECSTATE WASHDC 1050
INFO AMEMBASSY BANGKOK
AMEMBASSY SAIGON
CINCPAC CP SMITH HI
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C O N F I D E N T I A L SECTION 2 OF 2 PHNOM PENH 3983

8. RICE DISTRIBUTION. AFTER CONSIDERABLE DELAY AND CONTINUED
PRODDING FROM THE EMBASSY (INCLUDING A LETTER FROM THE
AMBADDADOR TO LON NOL), THE GKR SAYS IT IS TAKING STEPS TO
CONTROL RICE DISTRIBUTION IN PHNOM PENH. ACCORDING TO THE
INITIAL GKR PLAN, ALL RICE RELEASES WERE TO BE CONTROLLED
BY THE MINISTRY OF COMMERCE. FANK WAS TO BE PERMITTED TO
DRAW 137 TONS PER DAY AND THE CIVILIAN RELEASES WOULD BE
LIMITED AS FOLLOWS:

SOUS ILOTS	193 M/ T PER DAY
RETAILERS	113 M/ T PER DAY
ASSOCIATIONS	7 M/ T PER DAY

THE MINISTRY OF COMMERCE INDICATED THAT THE MOST OF THE
ASSOCIATIONSS RELEASES (I. E., SORAPA, SATRAR, AND WHOLESALERS)
WOULD BE CHANNELLED THROUGH SONEXIM TO SOUS ILOTS AND
RETAILERS. WHOLESALERS WOULD BE PERMITTED ONLY RELEASES OF
SEVEN TONS A DAY DIRECTLY TO THE MARKET. THE GKR' S PROPOSED
SYSTEM DID NOT PROVIDE, HOWEVER, FOR ACCOMMODATING RELEASES
TO THE PROVINCES WITHIN THE DAILY TOTAL OF 450 TONS PER DAY.
THE MINISTRY OF COMMERCE ESTIMATED THAT PROVINCIAL REQUIREMENTS
ARE FROM "3,000 TO 4,000 METRIC TONS PER MONTH." THE MINISTRY
INDICATED THAT INCREASED DEMAND IN THE PROVINCES HAS RESULTED
FROM KI ACTIVITY IN WHICH FARMERS HAVE HAD TO VACATE AREAS
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AND RICE STOCKS HAVE BEEN DESTROYED. WE HAVE INDICATED, HOWEVER, THAT PROVINCIAL REQUIREMENTS MUST FIT WITHIN THE 450 PER MONTH FOR THE MARITIME PROVINCES AND 600 METRIC TONS PER MONTH FOR AIRDROPS). WE POINTED OUT THAT THE UNCERTAINTIES OF THE THAI RICE PURCHASE, THE CLOSING OF ROUTE 5, AND THE LOSS OF 28,000 TONS OF PL 480 RICE MADE IT IMPERATIVE THAT RICE DISTRIBUTION NOT EXCEED 15,500 METRIC TONS PER MONTH FOR THE ENTIRE COUNTRY. AFTER CONSIDERABLE SOUL SEARCHING THE MINISTRY OF COMMERCE INDICATED THAT FANK COULD BE CUT BACK TO 100 TONS PER DAY, THEREBY PERMITTING 37 TONS PER DAY FOR PROVINCIAL RELEASES. RELEASES, HOWEVER, CONTINUED TO BE HEAVY FOR THE FIRST 20 DAYS OF APRIL AND AVERAGED 566 TONS PER DAY. THE RATE WOULD HAVE BEEN HIGHER EXCEPT FOR FOUR HOLIDAYS INCLUDED IN THE TOTAL. RICE DISTRIBUTION FOR PHNOM PENH SINCE THE BEGINNING OF THE YEAR IS AS FOLLOWS:

	TOTAL DISTRIBUTION	AVERAGE PER DAY
JANUARY	10,396 M/ T	335 M/ T
FEBRUARY	13,090 "	467 "
MARCH	19,434 "	627 "
APRIL (1-20)	11,329 "	566 "

WE WILL BE WATCHING FUTURE RELEASES CAREFULLY TO SEE IF THE GOVERNMENT'S SYSTEM IS WORKING. ALTHOUGH THE SYSTEM HAS BEEN IN EFFECT FOR SEVERAL DAYS, RELEASES HAVE NOT YET SLACKENED. THIS, THE MINISTRY OF COMMERCE SAYS, IS BECAUSE "IT TAKES TIME TO WORK OUT THE DETAILS OF CONTROL".

9. PRICES OF BATTAMBANG RICE. PRICES FOR BATTAMBANG RICE CONTINUED TO RISE DURING THE PERIOD UNDER REVIEW. ON MARCH 15, PRICES FOR NO. 1 AND NO. 2 WHITE RICE WERE 40 AND 23 RIELS, RESPECTIVELY. THE PRICE OF BATTAMGANG NO. 1 RICE ROSE ON THE WEEK OF MARCH 25 TO 45 RIELS WHILE NO. 2 RICE (U. S. RICE), WHICH IS SOLD MOSTLY THROUGH THE SOUS ILOTS SYSTEM, HELD AT 23 RIELS FOR KILO. APPROACHING THE KHMER NEW YEAR ON APRIL 12, PRICES FOR BATTAMBANG JUMPED TO 53 RIELS PER KILO. FOLLOWING THE NEW YEAR, PRICES FOR BATTAMBANG RICE DID NOT DROP BUT ROSE TO 58 RIELS ON APRIL 22. PRICES FOR AMERICAN RICE REMAINED RELATIVELY CONSTANT AT 23 RIELS, HOWEVER, IN SOME RETAIL SHOPS OUTSIDE THE SOUS ILOTS SYSTEM PRICES OF 26 RIELS PER KILO WERE REPORTED. THE OFFICIAL PRICE FOR BATTAMBANG RICE REMAINS AT 26 RIELS PER KILO, HOWEVER, THE GKR HAS MADE NO ATTEMPT TO

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ENFORCE PRICES AND CONTINUES TACTILY TO ACQUIESCE IN A DE FACTO SITUATION.

10. BATTAMBANG RICE. AT THE PRESENT TIME, RICHARD OWENS, AN AGRICULTURAL ECONOMIST ON A TDY FROM SAIGON, IS ASSESSING

PRESENT BATTAMBANG STOCKS AND THE PROSPECTS FOR NEXT YEAR' S
CROP. WE HOPE TO HAVE THIS ASSESSMENT AS WELL AS A RE-
CAPITULATION OF MARCH AND APRIL SUPPLY AND DEMAND DATA WITHIN
THE NEXT WEEK.
SWANK

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